

Wisconsin Public Library Legislation and Funding Task Force

Overview of Wisconsin Public Library Funding and Nonresident Borrowing Issues

Introduction

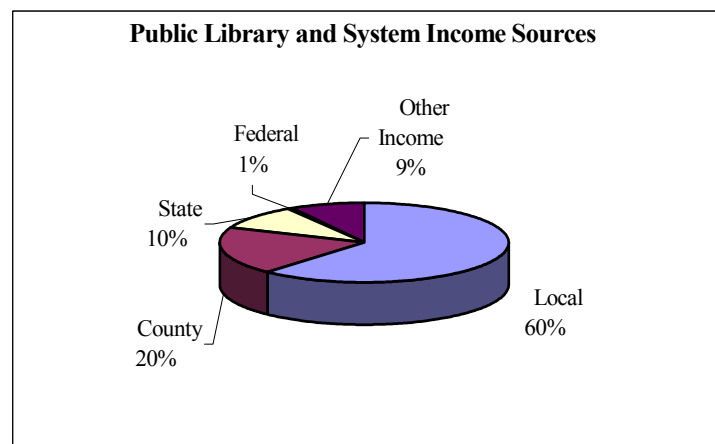
Public library service in Wisconsin is provided through cooperative efforts at the state, library system, and county and local levels. Total income for public library service in Wisconsin, including income at the municipal, county, and public library system levels, was \$180.1 million for 2000. Municipalities provided \$108 million, or 60 percent of the total, and counties provided \$35.9 million, or 20 percent. State funds accounted for 10 percent of all income. Federal funding, contract income, gifts, endowments, and all other income contributed the remaining 10 percent.

In many ways, library service in Wisconsin is a model of intergovernmental cooperation. Wisconsin libraries cooperate by sharing computer systems and sharing library collections. Cooperative services are coordinated by regional library systems which are primarily state funded and provide statutorily-mandated services as well as additional services designed to meet local needs. Services provided on a regional (system) basis can be provided on a more cost-effective basis because of the economies of scale available to larger organizations. In addition, Wisconsin's library systems and library system law have removed most of the political barriers to library service. For many Wisconsin residents, this has greatly improved access to convenient and high quality library service.

In 2001, Wisconsin had 387 independent public libraries and 17 regional public library systems serving 5.4 million state residents. All public libraries and all counties are public library system members. Three hundred and seventy-two libraries are organized as municipal or joint public libraries. Of these, 347 are municipal public libraries, 23 are joint municipal libraries (combinations of cities, villages and towns), and 2 are joint city-county libraries. There are 6 consolidated county libraries, with the county library providing all public library services within the county. Nine counties supplement local library service with county library service organizations. Of Wisconsin's public libraries, 7 are tribal public libraries and 4 are combined school-public libraries.

Public library service in Wisconsin is largely funded and governed at the municipal level. Municipal libraries are often a source of great community pride, and, as a result, often benefit not only from municipal tax support, but also from generous gifts, donations and volunteer support. The graph at right shows the total sources of public library support statewide.

The downside of municipal library governance can be inequities in library service quality and funding; and potentially, missed opportunities for coordination or consolidation of service.

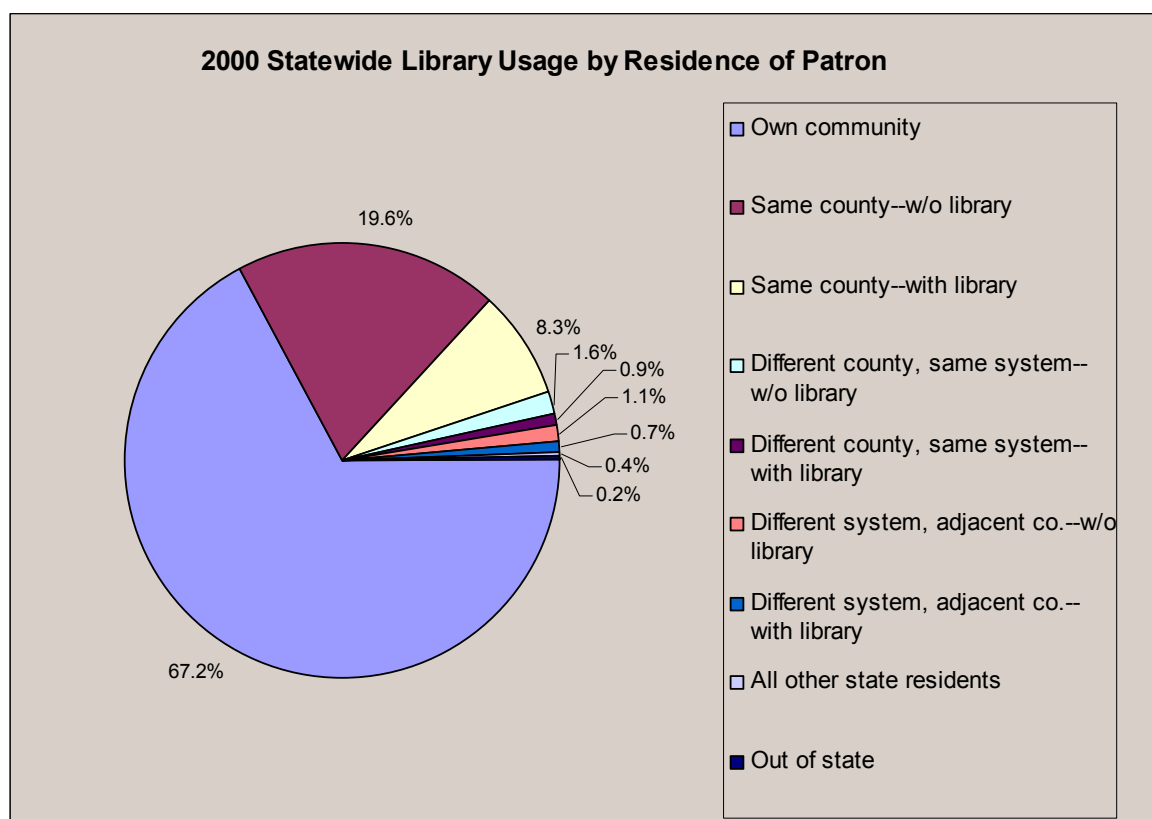


The quality of municipal libraries in Wisconsin ranges from excellent to poor. On average, residents of library communities supported library service at an average of \$30.94 per capita, but some Wisconsin municipalities support their library at less than \$2 per capita. There are currently no state tools to mandate local library service quality. Counties do have the authority to establish enforceable library standards.

"Nonresident" library use

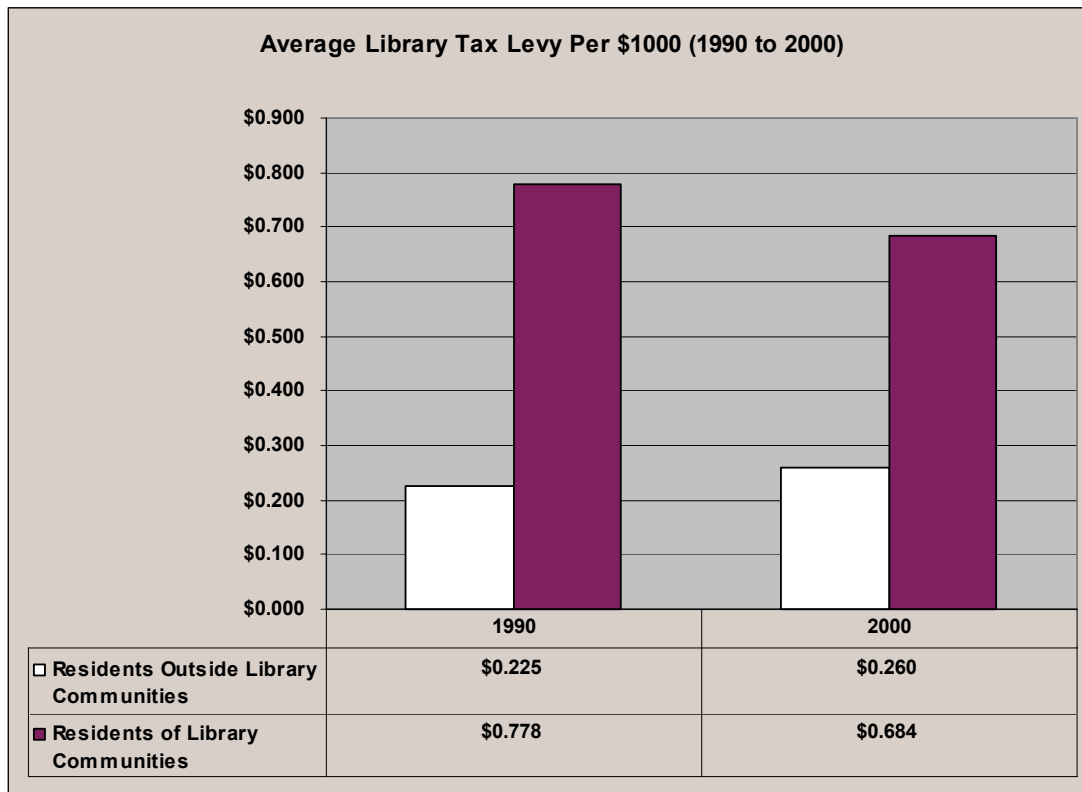
It is a basic principle of Wisconsin's library system law, since its enactment almost 30 years ago, that any individual living in the service area of the system could use any public library in the system. This principle has been highly beneficial to the residents of Wisconsin—most state resident can now use the library or libraries of their choosing—those that are most convenient and best serve each individual's needs.

One result of this law is that almost all Wisconsin libraries experience “nonresident use”—use of the library by people who do not live in the local library community. The various types of nonresident use (and their statewide prevalence) are shown in the graph below. This graph shows statewide totals. Individual libraries have nonresident use rates of well over 50%.



Nonresident library use generally only creates a problem for a particular library when it reaches a significant level and when the library is not remunerated at what is perceived to be an adequate or fair level.

Statewide, most nonresident library use is by residents of the same county who do not live in a library community. Statewide, this type of usage represents almost 20% of total library usage. Property owners who live outside library municipalities pay for library service through the county library levy. Municipalities that tax themselves for municipal or joint public library service at a levy rate higher than the county library levy rate qualify for exemption from the county library levy. Historically, the most widespread type of library funding inequity has been the disparity in tax support between residents of library municipalities and those who live outside library municipalities (and pay only the county library levy). (See graph below.)



Inequities in tax support between residents of library municipalities and those who live outside library municipalities have been significantly reduced in many counties with the enactment into law of 1997 Wisconsin Act 150. Act 150 established a requirement that counties reimburse a minimum of 70% of the cost of library service provided by county libraries to resident who do not live in library communities. Because 2001 was the first year of county payments under the minimum "70% of cost reimbursement" requirement, we do not yet have final data on the effects of this law.

"Crossover" use

The next most common form of nonresident library use statewide (representing about 10% of statewide library use) is generally called "crossover use". Crossover library use occurs when residents of a community with a library use a library in a different community. Crossover use generally occurs when two or more library municipalities are located close together geographically and/or when one library offers significantly more attractive or convenient library service.

The extent of crossover borrowing varies widely in counties across the state. More than two-thirds of all crossover borrowing (within a county) occurs within three counties—Milwaukee (1,805,799 items), Dane (478,247 items), and Waukesha (332,028 items). More than two-thirds of the crossover borrowing in these three counties is in Milwaukee County. Other counties with high crossover borrowing are: La Crosse (130,576); Ozaukee (103,166); Winnebago (91,442); Outagamie (88,942); Rock (75,208); and Sheboygan (73,584).

After those nine counties, crossover borrowing drops significantly. At the other extreme, nine counties, mostly with consolidated county libraries, have no crossover borrowing within the county. Thirty-nine counties have less than 10,000 items that are loaned between municipalities with libraries.

Historically, most libraries have been willing to accept low levels of crossover borrowing without direct reimbursement. A common attitude is that a library serves the residents of another library community and, in exchange, their residents can use the other library. Problems arise when one library is used much more heavily than the other.

The Wisconsin library community and the DLTCL have looked at the issue of crossover borrowing in depth on a number of occasions, but the differences in the scope of the problem around the state make it difficult to craft statewide solutions.

A Legislative Council study committee in 1996 made two significant recommendations in this regard. The first was to provide each public library in the state 50 cents for each item they loaned to someone who lives outside of their community. This was considered to be an incentive payment to promote open access, not full payment. 1997 Senate Bill 59 was introduced by the legislative council for this purpose. It passed the Senate but not the House. The library community tried to get the bill reintroduced in the next session, but because of opposition from some segments in the library community, it was dropped.

The legislative study committee also recommended reinstatement of the goal of the state providing funding for public library systems at a level equal to 13 % of expenditures from local and county sources for public libraries. As a result, the DPI is now required to request the 13 % in its biennial budget request. Increased system aid is an important option for dealing with crossover borrowing in the short term. Increasing system funding offers the flexibility of letting individual systems respond to the special needs and problems within their system area. However, there will be no increase in system aid in this biennium, and a decrease is possible.

As a result of other statewide meetings, the DPI also advanced a legislative language proposal in its biennial budget request for 2001-2003 that would enable individual public library systems or county boards of supervisors to develop plans for requiring municipalities to make payment for crossover borrowing. Without sufficient state funding, the DLTCL felt that counties and systems should have a tool for dealing with this issue on a local level. This language was not included in the Governor's budget, and did not receive significant advocacy from the library community, so it did not advance in the legislature, even though it would cost the state nothing to implement.

In a number of areas, the crossover problem has been dealt with on the county or system level. Waukesha County and Dane County have developed solutions to their crossover funding problem by primarily making use of the county library tax on municipalities without public libraries. Rural county property owners are taxed at a level sufficient to pay for the cost of public

library service to rural county residents. These payments are then reallocated to pay for crossover borrowing (net borrowing libraries getting less than full reimbursement to fund higher payments to net borrowing libraries).

In Milwaukee County, payment for crossover borrowing comes from individual net borrowing municipalities. In 2001, a new system membership agreement was approved by the system board that would reduce the level of payments provided to net lending libraries and require the system to pick up a share of the cost. This prompted some of the net lending libraries to consider actions that would have removed them from participation in the library system. This would have resulted in a significant reduction in the library service quality and options available to residents of those communities and surrounding communities. All public libraries in the county eventually signed the new agreement with the system, but one or more libraries may continue to explore leaving the system.

Some counties have failed to arrive at any solution and libraries receive no reimbursement for crossover borrowing. In some parts of the state, libraries, counties and systems don't view crossover borrowing as a significant problem.

Other types of nonresident use

All other types of nonresident library use account for a very small portion of statewide library use (3.3%), but in individual cases, can have very significant local impacts. Most of these involve libraries that are located very near to a county border.

Wisconsin law (Section 43.11) now requires that all counties develop and maintain a county library plan that provides for library services to residents of the county not maintaining a public library. The services provided for in the plan must include full access to public libraries participating in the public library system and the plan must provide for reimbursement for that access. However, because the statutes provide no required minimum level of support, this statutory provision has generally not resulted in meaningful reimbursement levels. In addition, some have complained that counties with consolidated county libraries are not required to address cross-county usage in their county library plans because these counties don't have any residents who do not maintain a public library.

Another type of nonresident usage that can be a significant local issue is usage that crosses library system borders. This type of library use accounts for only 1.8% of total statewide library use, but again, can be a significant percent of total use for particular libraries. State statutes do not require that library service be offered to residents of other library systems unless a library receives at least the "adjusted cost"¹ of that service from the other library system, and from the counties and municipalities in that system. In some parts of the state, agreements have been negotiated that provide for reimbursement for use across system borders and in other areas (especially areas with low levels of cross-border use) open access is provided without any reimbursement. However, some library system borders (especially in southeastern Wisconsin) are "closed" to cross-border use.

¹ Defined as the cost of the number of circulations provided to residents of the adjacent system, less the cost of 500 circulations. Cost per circulation is the library's previous year's total nonfederal operational expenditures (not including capital expenditures) divided by its total circulation. By this statutory definition, any library lending fewer than 500 items to residents of an adjacent library system is receiving "adequate reimbursement".

Possible "solutions" to unresolved nonresident borrowing issues

Stumbling blocks to negotiated solutions to nonresident usage issues are generally: (1) what is an "adequate" or "fair" reimbursement level and (2) what level of government is responsible for making the reimbursement.

Wisconsin Statutes currently define these two elements only for library use by residents of the same county who do not live in a library community. This mandate is in Section 43.12, and requires counties to reimburse libraries in the county at a minimum of 70 percent of the cost of this use.

Possible fixes to other nonresident use reimbursement issues include:

1. statutorily mandating the responsibility for reimbursement and a minimum required reimbursement level
2. providing state funding for reimbursement
3. empowering counties and/or library systems to develop reimbursement plans and authorizing means to enforce compliance with those plans
4. allowing libraries to close their doors to certain types of nonresident use (without losing system membership) if they do not receive a defined adequate reimbursement level

Another possible partial solution to the nonresident use issue is to make nonresidents into residents through some type of reorganization of library governance. This is only a partial "solution", because as long as there are borders between libraries, there will be nonresident library use. Alternatives for library governance and organization are discussed in a forthcoming issue paper.

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